



บริษัท ดับบลิวพี เอ็นเนอร์ยี่ จำกัด (มหาชน) WP ENERGY PUBLIC COMPANY LIMITED

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August 8, 2019

Subject : The explanation for Company's operation change from the same period for more than 20%

To President  
The Stock Exchange of Thailand

WP Energy Public Company Limited (hereinafter refer to as "the Company") and its subsidiaries (hereinafter refer to as "the Group") would like to report the change in operating result for the second quarter of 2019 ended 30 June 2019 for more than of 20% from the same period of last year which was followed to the rules and regulation of The Stock Exchange of Thailand.

For the second quarter of 2019, net profit of the Group was THB 53.19 million, decreasing by 36.45% or THB 30.50 million from THB 83.69 million in the second quarter of 2018.

Please see further details in the "Management Discussion and Analysis of the Operating Performance of the second quarter of 2019" as attached herewith.

Please be informed accordingly

Yours sincerely,

- Noppavong Omathikul –

Deputy Chief Executive Office of Finance and Support



## Management Discussion and Analysis of the Operating Performance of the second quarter of 2019

For Q2/2019, the Group reported total revenue of THB 3,478.98 million, decreasing by 7.43% or THB 279.25 million from THB 3,758.24 million in Q2/2018. Also, the Group reported net profit of THB 53.19 million, decreasing by 36.45% from THB 83.69 million in Q2/2018 as followed:

*Table of key financial results*

(Unit: Million THB)	Q2 2019	Q2 2018	Inc.(Dec.) Amount	Inc.(Dec.) %
<b>Total Revenue</b>	3,478.98	3,758.24	(279.25) ↓	(7.43%) ↓
<b>Revenue from sales and services</b>	3,421.97	3,696.16	(274.19) ↓	(7.42%) ↓
<b>Net profit for the period</b>	53.19	83.69	(30.50) ↓	(36.45%) ↓
<b>Net profit margin (%)</b>	1.53%	2.23%	-0.70 pp ↓	
<b>EBITDA</b>	139.87	171.82	(31.94) ↓	(18.59%) ↓

### 1) Revenue from Sales and Services

For Q2/2019, Revenue from sales and services was THB 3,421.97 million, decreasing by 7.42% or THB 274.19 million from THB 3,696.16 million in Q2/2018 primarily due to a decrease in sales volume from 203,500 tons to 184,384 tons. This is partly due to the seasonal factor from holiday in the second quarter. Also, a decline in sales volume was largely from LPG service station as a result of the downward LPG auto gas trend. However, the Company is able to maintain the growth in other sectors, particularly in commercial group.

### 2) Selling expenses

For Q2/2019, selling expenses of the Group was THB 80.30 million, accounting for 2.35% of the total revenue (excluding other income), increasing by 13.79% or THB 9.73 million when compared with that in Q2/2018. This is mainly due to marketing activities to create an image and brand awareness to customers. The Company introduced food competition under the campaign “Celeb Chef Thailand” on potential online channel, which received an overwhelming feedback. Also, the Group continues to control other costs effectively.

### 3) Administrative Expenses

The Group seeks to control and maintain prudent policy. For Q2/2019, administrative expenses of the Group was THB96.44 million, decreasing by 3.98% or THB4.00 million from THB100.45 million in Q2/2018.



#### 4) Profit

For Q2/2019, the Group had a decline in sales volume from 203,500 tons in Q2/2018 to 184,384 tons as a result of the downward LPG auto gas trend. This led to a decline of net profit in Q2/2019 to THB 53.19 million, decreasing 36.45% from THB 83.69 million in Q2/2018, which drove net profit margin down from 2.23% to 1.53%.

In Q2/2018, the Group has non-recurring item from a reversal transaction worth the amount of THB 9.75 million. Also in Q2/2019, net profit was impacted from an employee benefit obligations according to the bill of the National Legislative Assembly (NLA) to increase the severance pay from 300 days to 400 days, worth the amount of THB6.30 million and a downtrend of Auto Gas segment that partly pressures overall volume in this quarter. However, the Company continues to sustain customers in other sectors, pursue cost control plan as well as the attempt to expand those groups to sustain profitability of the Company.

#### 5) Financial position

At the end of Q2/2019, the Group upheld its healthy financial position, with total assets amounting to THB 5,852.16 million, while total liabilities were reported at THB 4,735.15 million and total equity ended at THB 1,117.01 million. Moreover, the Company has allocated a legal reserve worth the amount of THB 6.20 million and recorded a higher retained earnings to THB 55.41 million respectively.

#### 6) Cash Flow

At the end of Q2/2019, the Group had cash and cash equivalents of THB 602.10 million, a decrease of THB 94.71 million from the year ended 2018, primarily due to net cash paid from investing activities to acquire Thai Gas Corporation Company Limited.